

## Message Text

UNCLASSIFIED

PAGE 01 STATE 038182

ORIGIN OES-06

INFO OCT-01 EUR-12 ISO-00 ABF-01 AGRE-00 CIAE-00 COME-00  
DODE-00 DOTE-00 EB-08 EPA-04 FSE-00 HEW-06 HUD-02  
INR-07 INT-05 LOC-01 NASA-02 NSAE-00 NSF-02 OMB-01  
USIA-15 SMI-01 TRSE-00 /074 R

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APPROVED BY OES/APT/SEP:RGMORRIS

A/BF/FC:RWHITENER

EUR/EE:JSEYMOUR

USDA/ARS:EIMLE (SUB)

COMMERCE/NBS:HSPEISER (SUB)

EPA:JLEPINE (SUB)

HEW/OIH:RFISCHER (SUB)

HEW/RSA:MMCCA VITT (SUB)

HEW/SRS:DLALLY

USDI:JSLATER (SUB)

NSF:CZALAR (SUB)

SMI:KSCHMERTZ (SUB)

DOT:DROBERTS (SUB)

-----190959 108578 /10

R 182240Z FEB 77

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

UNCLAS STATE 038182

E.O. 11652: N/A

TAGS: OSCI, TGEN, YO

SUBJECT: SFCP:US-YUGOSLAV JOINT BOARD: AGENDA ITEM 5: USE  
OF JOINT FUND INTEREST EARNINGS

1. IN JUNE 1976, JOINT BOARD MADE A NUMBER OF DECISIONS  
REGARDING USE OF INTEREST EARNINGS. IN PARA 8(A) OF  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 038182

DECISION DOCUMENT, BOARD ALLOCATED 3 MILLION NEW DINARS TO  
THE US AND TO YUGOSLAVIA FOR ADMINISTRATIVE TRAVEL. IN  
PARA 8(D), BOARD STATED ITS INTENT TO ALLOCATE AT NEXT  
SESSION BALANCE OF INTEREST EARNINGS TO RESEARCH AND RELATED  
ACTIVITIES. FOR A NUMBER OF REASONS, WE THINK IT IS DOUBT-  
FUL THAT BOARD WILL BE ABLE TO COMPLETELY ALLOCATE ALL IN-  
TEREST EARNINGS AT MARCH SESSION. AS REPORTED BY SCIATT,

INTEREST ACCOUNT HAS GROWN BY ABOUT 6 MILLION NEW DINARS SINCE LAST SESSION. MOREOVER, IN ACCORDANCE WITH ARTICLE III(D) OF MAY 18, 1973 S&T AGREEMENT, GOY MUST DEPOSIT A CATCH-UP PAYMENT INTO THE JOINT FUND INTEREST ACCOUNT BY APRIL 30, 1977. HENCE, EXACT TOTAL OF ACCRUED INTEREST IS IMPOSSIBLE TO PREDICT. UNDOUBTEDLY, YUGOSLAVS WILL ALSO PROBABLY WISH TO HAVE MORE TIME TO DISCUSS INTERNALLY THE FINDINGS OF DELEGATION THAT VISITED THE US LAST DECEMBER. THEREFORE, WE ENVISION THAT EACH TIME BOARD MEETS, IT WILL HAVE TO MAKE SOME DECISIONS ON USE OF INTEREST, BASED ON FUND BALANCE AT THAT TIME.

2. IN PARAS 3 AND 4 BELOW, WE HAVE DEVISED A CONCEPTUAL PLAN FOR USE OF INTEREST EARNINGS. WE BELIEVE IT IS FLEXIBLE AND CAN ACCOMMODATE EVOLVING PROJECT IDEAS. IT TAKES INTO ACCOUNT A RANGE OF US AND YUGOSLAV CONCERNS AND CAN EASILY BE ADAPTED TO UTILIZE ADDITIONAL DEPOSITS OF INTEREST EARNINGS. REPRESENTATIVES OF THE US TECHNICAL AGENCIES ENDORSED THE PLAN AT A RECENT INTER-AGENCY MEETING. WE REQUEST THAT THE EMBASSY SUBMIT THE INFORMATION CONTAINED IN PARAS 3 AND 4 TO GOY AS BASIS FOR DISCUSSION AT THE JOINT BOARD.

3. TABLE 1: ALLOCATION OF JOINT FUND INTEREST ACCORDING TO PURPOSE:

PURPOSE	AMOUNT (ND)
(A) ADMINISTRATIVE TRAVEL,	6,000,000

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PAGE 03 STATE 038182

INCLUDING JOINT BOARD  
TRAVEL

(B) FUNDS FOR SELECTED ON-	6,300,000
GOING PROJECTS, AND	
RELATED ACTIVITIES	

(C) DEVELOPMENT AND FI-	6,000,000
NANCING OF NEW	
ACTIVITIES	

TOTAL	18,300,000
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PURPOSE (A) HAS ALREADY BEEN APPROVED BY BOARD AT ITS LAST SESSION. PURPOSE (B) IS DEVELOPED FURTHER IN TABLE 2 BELOW; WE ENVISION THAT THE CURRENT SESSION WOULD APPROVE THE ALLOCATIONS FOR THE PROPOSED COOPERATIVE RESEARCH AREAS AND PARTICIPATING AGENCIES. PURPOSE (C) IS INTENDED TO BE UNSPECIFIC AT THIS TIME. FUTURE SESSIONS OF THE

BOARD SHOULD DEVELOP IDEAS FOR IMAGINATIVE USE OF THE FUNDS. WE BELIEVE THE FOLLOWING ARE ILLUSTRATIVE EXAMPLES: TRAVEL BY SCIENTISTS, IN BOTH DIRECTIONS, FOR PROJECT DEVELOPMENT; PILOT PROJECTS; SMALL AMOUNTS OF SEED MONEY TO INITIATE COOPERATIVE ACTIVITIES WHICH WOULD BE FINANCED FROM NON-JOINT FUND SOURCES; SPECIAL PROJECTS WHICH THE BOARD BELIEVES WOULD PROMOTE MUTUALLY BENEFICIAL COOPERATION.

4. TABLE 2: FUNDS FOR SELECTED ON-GOING PROJECTS, AND  
-- RELATED ACTIVITIES:

COOPERATIVE RESEARCH AREAS	PARTICIPATING US AGENCY	PROPOSED DISTRIBUTION OF INTEREST (IN NEW DINARS)
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AGRICULTURE	USDA	1,250,000
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PAGE 04 STATE 038182

APPLIED S&T	NBS	500,000
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ENVIRONMENT	EPA	450,000
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MEDICINE	HEW/OIH	1,250,000
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REHABILITATION, SOCIAL SERVICES	HEW/RSA & SRS	300,000
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GEOLOGY	USDI	250,000
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BASIC SCIENCES	NSF	1,500,000
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LIMNOLOGY, ARCHEOLOGY	SMI	650,000
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TRANSPORTATION	DOT	150,000
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-- TOTAL		6,300,000
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WHILE WE OF COURSE RECOGNIZE THAT THE INTEREST ACCOUNT IS OWNED JOINTLY BY BOTH COUNTRIES, WE BELIEVE THAT US AGENCIES WHICH CONTRIBUTED TO THE JOINT FUND SHOULD RECEIVE A FAIR SHARE OF THE BENEFITS GENERATED BY THE INTEREST. THUS, THE ALLOCATIONS TO THE "COOPERATIVE RESEARCH AREAS" WE PROPOSE APPROXIMATE THE PERCENTAGES CONTRIBUTED BY AGENCIES, IN A MANNER WHICH WE BELIEVE YUGOSLAVS COULD ACCEPT. IN THE COMMENTS WHICH FOLLOW, THE AGENCIES HAVE INDICATED THEIR PREFERENCES FOR SPECIFIC USES. WE URGE GOY TO CONSIDER ACCEPTING NOT ONLY ALLOCATIONS TO THE "COOPERATIVE RESEARCH AREAS", BUT

ALSO OUR AGENCIES' PROPOSALS.

(A) USDA PROPOSES THAT ENTIRE AMOUNT OF 1,250,000 NEW DINARS BE USED TO EXTEND PROJECT E-30-CR-158 (FG-YU-218), APPLICATION OF NEW RESISTANCE GENES OF WHEAT IN AN INTER-UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 038182

NATIONAL PATHOGENICITY SURVEY OF PUCCINIA RECONDITA AND TESTING SOURCES OF RESISTANCE", UNIVERSITY OF NOVI SAD, DR. BOSKOVIC. AS A SECOND CHOICE, USDA WILLING TO CONSIDER PROJECTS YO-ARS-23-JB-36 OR YO-ARS-19-JB-32.

(B) NBS PROPOSES THAT THE 500,000 BE DISTRIBUTED TO NINE ON-GOING PROJECTS AND ONE NEW ONE: 55,000 NEW DINARS TO EACH OF THE FOLLOWING: NBS(IG)-188 REED/BONEFACIC;

NBS(IG) 153 WIESE/KONJEVIC; NBS(IG)-190 KUYATT/KUREPA. NBS(IG)-107 LAFLEUR/KOSTA; NBS(IG)-110 HALLER/PRAVDIC; NBS(IG)-162 RENEKER/BLINC; NBS(IG)-152 MCLAUGHLIN/Draganic; NBS(IG)-191 TAYLOR/BRANICA; NBS(IG)-165 PYKE/DAMJANOVIC; 5,000 NEW DINARS TO NEW PROJECT BETWEEN DR. WACHTMAN, NBS, AND PROF. D. KOLAR, LJUBLJANA, ON "PHASE DIAGRAMS FOR CERAMISTS"; THIS IS TOKEN SUPPORT TO START PROJECT OF CONSIDERABLE IMPORTANCE WHICH BOTH SIDES BELIEVE IS OF HIGH PRIORITY. IN ALL THESE ALLOCATIONS, EMPHASIS IS TO BE PLACED ON TRANSFORMING CONTINUED COOPERATIVE RESEARCH INCREASINGLY ON BASIS OF EACH SIDE PAYING FOR ITS OWN CONTRIBUTIONS.

(C) EPA PROPOSES THAT ENTIRE 450,000 NEW DINARS BE USED FOR HOLDING IN YUGOSLAVIA "SECOND INTERNATIONAL SYMPOSIUM ON MARINE POLLUTION". EPA HAS ALREADY DISCUSSED THIS PROPOSAL WITH DR. VELIMIR PRAVDIC, RUDJER BOSKOVIC INSTITUTE, ZAGREB.

(D) IF THE GOY IS AGREEABLE TO ALLOCATE 1,250,000 NEW DINARS FOR MEDICAL RESEARCH, HEW/OIH IS PREPARED TO NEGOTIATE USES FOR SPECIFIC PROJECTS WITH APPROPRIATE YUGOSLAV COUNTERPARTS.

(E) HEW/RSA AND HEW/SRS PROPOSE THAT 300,000 BE USED TO HOLD "RESEARCH UTILIZATION" SEMINAR TO BE ATTENDED BY YUGOSLAV PRINCIPAL INVESTIGATORS WHO HAVE PARTICIPATED IN UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 038182

RSA-SRS PROJECTS. AIM OF SEMINAR WOULD BE TO PRODUCE

PROCEEDINGS OR BOOKLET WHICH DETAILS ACCOMPLISHMENTS,  
IMPACT, AND VALUE OF RESEARCH WORK THAT WAS DONE.

(F) USDI (US GEOLOGICAL SURVEY) PROPOSES THAT 250,000 NEW  
DINARS BE USED FOR TWO PROJECTS, AS FOLLOWS: 150,000  
DINARS FOR PROJECT 1429, "KARSTIC TERRAIN", TO BRING  
PRINCIPAL INVESTIGATOR ARANDJELOVIC TO DENVER FOR THREE  
MONTHS TO WORK WITH USGS GEOPHYSICISTS ON COMPUTER  
ANALYSIS OF GEOPHYSICAL DATA ACCUMULATED DURING PROJECT;  
100,000 DINARS FOR PROJECT 1434, "RARE METALS", TO BRING  
THE PROJECT TO A SATISFACTORY STAGE FOR PUBLICATION OF  
RESULTS. DURING HIS DECEMBER VISIT, SUTLOVIC WAS  
RECEPTIVE TO THESE IDEAS.

(G) NSF PROPOSES THAT THE AMOUNT OF 1,500,000 BE RESERVED  
TO SUPPORT COLLABORATIVE RESEARCH IN YUGOSLAVIA WHEN FUNDS  
RECOVERED FROM THE QEE PROJECT HAVE BEEN EXHAUSTED.

(H) SMITHSONIAN PROPOSES THAT 650,000 NEW DINARS BE USED  
FOR EXCHANGE OF YUGOSLAV AND AMERICAN SCHOLARS. SMI

ENVISIONS THAT YUGOSLAV FELLOWS WOULD WORK AT SMITHSONIAN-  
APPROVED AMERICAN FACILITIES, WHICH WOULD PROVIDE FULL  
MAINTENANCE. THEIR TRAVEL, HOWEVER, WOULD BE PAID BY THE  
INTEREST FUND. CONVERSELY, SMI ENVISIONS THAT AMERICANS  
WOULD BE INVITED TO WORK AT YUGOSLAV FACILITIES.

(I) DOT PROPOSES THAT 150,000 NEW DINARS BE APPLIED TO  
THE FOURTH YEAR OF SUPPORT FOR THE TUNNELING PROJECT AT  
THE UNIVERSITY OF LJUBLJANA.

5. WE REQUEST THAT SCIATT ALSO REMIND YUGOSLAVS OF PRO-  
VISIONS OF ARTICLE III(D) OF S&T AGREEMENT. PERHAPS  
UNDER AGENDA ITEM 7, "OTHER BUSINESS", YUGOSLAVS MAY WISH  
TO GIVE ATTENTION TO CATCH-UP INTEREST PAYMENT THEY WILL  
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PAGE 07 STATE 038182

DEPOSIT BY APRIL 30, 1977.  
HARTMAN

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## Message Attributes

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